



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8

999 18TH STREET- SUITE 300

DENVER, CO 80202-2466

Phone 800-227-8917

<http://www.epa.gov/region08>

2006 MAR 30 AM 8:02

FILED
EPA REGION VIII
HEARING CLERK

DOCKET NO.: SDWA-08-2005-0059

IN THE MATTER OF:

CITATION OIL & GAS CORP.

A Delaware corporation

RESPONDENT

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)

FINAL ORDER

Pursuant to 40 C.F.R. §22.18, of EPA's Consolidated Rules of Practice, the Consent Agreement resolving this matter is hereby approved and incorporated by reference into this Final Order. The Respondents are hereby **ORDERED** to comply with all of the terms of the Consent Agreement, effective immediately upon receipt by Respondents of this Consent Agreement and Final Order.

March 30, 2006

DATE

Carol A. LeBoo

Carol A. LeBoo, Acting
Regional Judicial Officer

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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In the Matter Of:)	Docket No. SDWA-08-2005-0059
)	
Citation Oil & Gas Corp.)	CONSENT AGREEMENT
a Delaware corporation,)	
)	
Respondent)	

AUTHORITY

1. This Consent Agreement is entered into between Complainant United States Environmental Protection Agency, Region 8 ("EPA"), and Respondent Citation Oil & Gas Corp. pursuant to section 1423 of the Safe Drinking Water Act ("SDWA"), 42 U.S.C. section 300h-2, and 40 CFR section 22.18(b)(2). This authority has been properly delegated to the undersigned EPA officials. Complainant and Respondent (hereafter referred to collectively as the Parties), by their undersigned representatives, hereby consent and agree as follows.

FACTUAL AND PROCEDURAL BACKGROUND

2. Complainant issued Respondent a Proposed Order and Penalty Complaint With Notice of Opportunity for Hearing (PAO) in the above-captioned matter on September 19, 2005, pursuant to section 1423(c) of the SDWA, 42 U.S.C section 300h-2(c).

3. The Parties agreed upon a settlement-in-principle to fully resolve the violation alleged in the PAO.

4. Respondent admits the jurisdictional allegations of the PAO and the Consent Agreement.

5. Respondent neither admits nor denies the specific factual allegations of the PAO or the Consent Agreement.

6. Respondent waives its right to a hearing before any tribunal to contest any issue of law or fact set forth in the PAO or the Consent Agreement.

7. The Consent Agreement contains all terms of the settlement agreed to by the Parties. Upon incorporation into a final order, the Consent Agreement applies to and is binding upon EPA and Respondent, its officers, directors, employees, agents and all persons acting under or for Respondent, until such time as the civil penalty required under Paragraph No. 8 has been paid. Any change in ownership or corporate status of Respondent including, but not limited to, any transfer of assets or real or personal property, shall not alter Respondent's responsibilities under the Consent Agreement.

8. Pursuant to section 1423(a) of the SDWA, 42 U.S.C. section 300h-2(a), the nature of the alleged violation, and other relevant factors, EPA determined that an appropriate civil penalty to settle this action is in the amount of Eighty-Five Thousand Dollars (\$85,000).

TERMS OF SETTLEMENT

9. Respondent consents to the issuance of the Consent Agreement and, for the purposes of settlement, to the payment of the civil penalty cited in Paragraph No. 8 above.

10. Respondent shall pay the total civil penalty of Eighty-Five Thousand Dollars (\$85,000) by remitting a cashier's or certified check, payable to "Treasurer, United States of

America," within thirty (30) days of receiving a final order (the "Final Order") in this matter, to:

Mellon Bank
EPA Region 8
(Regional Hearing Clerk)
P.O. Box 360859M
Pittsburgh, PA. 15251

The check shall reference Respondent's name and address and the EPA docket number of this action.

11. Respondent agrees to mail a copy of the check simultaneously to the following:

Tina Artemis, Regional Hearing Clerk
U.S. EPA Region 8 (8RC)
999 19th Street, Suite 300
Denver, Colorado 80202-2466

and to:

Amy Swanson, Enforcement Attorney
Legal Enforcement Program (8ENF-L)
U.S. EPA Region 8
999 19th Street, Suite 300
Denver, Colorado 80202-2466

12. Respondent further agrees and consents that if it fails to pay the penalty amount within thirty (30) days of receipt of the Final Order, interest on the penalty amount shall accrue from the date of the final order at a rate established by the Secretary of the Treasury pursuant to 31 U.S.C. section 3717. A late payment charge of Fifteen Dollars (\$15.00) shall be imposed after the first thirty (30) days that the payment, or any portion thereof, is overdue, with an additional charge of Fifteen Dollars (\$15.00) imposed for each subsequent 30-day period until the payment is made. In addition, a six percent (6%) per annum penalty shall be applied to any principal not paid within ninety (90) days of the due date of the Final Order.

13. The penalty specified in Paragraph No. 8 above shall represent a civil penalty assessed by EPA and shall not be deductible for purposes of federal taxes under U.S. law.

GENERAL PROVISIONS

14. The Consent Agreement shall not relieve Respondent of its obligation to comply with the SDWA, its implementing regulations and permit conditions.

15. Failure by Respondent to comply with any of the terms of the Consent Agreement shall constitute a breach of the Consent Agreement and may result in referral of the matter to the Department of Justice for enforcement of the Consent Agreement and for such other relief as may be appropriate in federal district court.

16. Nothing in the Consent Agreement shall be construed as a waiver by EPA of its authority to seek costs or any appropriate penalty associated with any collection action instituted if Respondent fails to perform pursuant to the terms of the Consent Agreement.

17. Respondent's undersigned representative certifies that he is fully authorized to enter into and bind Respondent to the terms and conditions of the Consent Agreement.

18. Each party shall bear its own costs and attorneys fees related to this matter.

19. The Parties agree to forward the Consent Agreement to the Regional Judicial Officer with a request that it be incorporated into the Final Order.

20. The Consent Agreement, upon incorporation into the Final Order by the Regional Judicial Officer and upon full satisfaction by the Parties, shall constitute a complete and full civil settlement of the specific violations alleged in the PAO.

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21. The Consent Agreement shall become effective upon the date of issuance of the Regional Judicial Officer's Final Order.

22. The Parties agree that this Consent Agreement and the Final Order shall not be admissible in any civil judicial or administrative proceedings instituted by any third party against Respondent (except for one initiated by the EPA).

SO CONSENTED AND AGREED TO:

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY, REGION 8,
Complainant.**

Date: 3/29/06

By: Michael T. Risner
Michael T. Risner, Director
David J. Janik, Supervisory Attorney
Legal Enforcement Program

Date: 3/28/06

By: Elisabeth Evans
Elisabeth Evans, Director
Technical Enforcement Program

**CITATION OIL & AND GAS CORP.,
Respondent.**

Date: 03/15/06

By: [Signature]
Gary C. Johnson
Senior Vice President & General Counsel

CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **CONSENT AGREEMENT/FINAL ORDER** in the matter of **CITATION OIL AND GAS CORP., DOCKET NO.: SDWA-08-2005-0059** was filed with the Regional Hearing Clerk on March 30, 2006.

Further, the undersigned certifies that a true and correct copy of the document was delivered to Amy Swanson, Enforcement Attorney, U.S. EPA - Region 8, 999 18th Street - Suite 300, CO 80202-2466. True and correct copies of the aforementioned document was placed in the United States mail certified/return receipt on March 30, 2006, to:

Larry W. Nettles
State Bar No. 14927600
1001 Fannin Street
Houston, TX 77002

Gary C. Johnson
Senior Vice President and General Counsel
Citation Oil and Gas Corp.
8223 Willow Place South
Houston, TX 77070-5626

And hand-carried to:

Honorable Carol A. LeBoo
Acting Judicial Officer
U.S. Environmental Protection Agency (8RC)
999 18th Street, Suite 300
Denver, CO 80202-2466

March 30, 2006



Tina Artemis
Regional Hearing Clerk